GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:683
ANSWERED ON:18.07.2002
ONGC VIDESH`S PARTNERSHIP WITH ROSNEFT
UMMAREDDY VENKATESWARLU

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether ONGC Videsh has entered into a partnership with a Russian firm called ROSNEFT for buying oilfields in the island of Sakhalin;

(b) if so, the details of this agreement;

(c) the sources from which ONGC Videsh get the resources:

(d) whether any study has been done on the return on this capital invested by ONGC Videsh;

(e) if so, whether it is better to buy oil on the international market than invest in oil fields; and

(f) if so, the steps proposed to be taken to implement this study?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (SHRI SANTOSH KUMAR GANGWAR)

(a) & (b): No, Sir. However, ONGC-Videsh Ltd. (OVL) the wholly owned subsidiary of Oil & Natural Gas Corporation Ltd. (ONGC) has acquired 20% Participating Interest in the Sakhalin-I Project from Rosneft-S and SMNG-S, the two subsidiaries of Rosneft, the Russian national oil company.

(c): The funding of this project will be done from the internal resources of ONGC.

(d): OVL has undertaken detailed study of the project through their Financial Advisors, Technical Advisors, and Legal Advisors.

(e) &(f): For an oil deficit country like India, a portfolio of options to ensure oil security is essential, including equity oil abroad. Thus, in a scenario when the prices of oil are highly volatile, it is prudent to have an equity stake in properties in addition to buying oil from international market. OVL has been securing equity oil for the country by participating in viable projects world over. They have been successful in acquiring equity participation in the Sakhalin-I project with EXXON-MOBIL and in the Vietnam Project with British Petroleum.